

Joint Select Committee on Implementation of the National Redress Scheme

Questions on notice to Financial Counselling Australia

1. What resources have Department of Social Services provided you with? Do you feel that these are meeting the needs of survivors?

The Department of Social Services has not specifically funded the financial counselling sector to meet the needs of survivors.

As mentioned in the opening statement by Fiona Guthrie, CEO, of FCA

We were disappointed that the Government did not provide additional funding for financial counselling when setting up the National Redress Scheme.

*Instead, **knowmore's financial counsellors are funded through a charity, the Financial Counselling Foundation. This two-year funding is \$520,000 per annum and will finish at the end of June 2021.***

FCA strongly supports knowmore Legal Service financial counselling program as the proven and appropriate service delivery model to assist survivors. We reiterate the importance that the Federal Government funds the model that both knowmore and FCA are advocating for. That is, **recurrent funding for an expanded FC team within knowmore, and for some financial counselling roles in some of the Redress Support Services.**

Please see point six, which expands on why knowmore is best placed to deliver the financial counselling program to survivors.

2. Can you tell the Committee about your reporting requirements with the Department of Social Services? Do you feel that the reporting gives the Department a good sense of what survivors need?

There are no reporting requirements to the Department of Social Services as they do not provide any specific financial counselling funding for NRS survivors.

There were a very small number of survivors who contacted the national phone financial counselling service, the National Debt Helpline, over the past year. Generally, these callers were referred to the specialist financial counselling service at knowmore Legal Service.

FCA is also cognisant that knowmore have raised concerns that survivors may not wish to use those National Debt Helpline services associated with faith-based institutions. For example, the National Debt Helplines in South Australia, Tasmania,

NSW and Western Australia are auspiced by organisations with affiliations with church-based institutions.

3. Do you have any feedback in relation to the accessibility of financial counselling services in regional, rural, and remote communities that you can share with the Committee?

There are approximately 950 financial counsellors that work across Australia, located in most geographic locations, including regional, rural and remote communities. FCA would say that agencies are dedicated to reaching communities of low income and disadvantage, and on the whole prioritise the service around these needs. FCA is aware of these organisations and has worked with knowmore to ensure linkages, information, training, secondary consults and referrals can take place with agencies based in more remote areas.

The FCA presentation to the senate committee highlighted that there are not enough financial counsellors to assist Australians in financial difficulty, let alone for survivors of abuse.

4. Are there any improvements that you think could be made to provide additional information and assistance to survivors in relation to financial counselling?

FCA sought the views from knowmore in answering this question.

4.1 All applicants should be made aware of the importance of having their redress payment paid into a separate bank account in their name. As knowmore noted in its April 2020 submission to the Joint Select Committee (see pages 30 and 32) - the NRS's current approach of asking survivors to nominate a bank account in their initial application leads to many survivors nominating an existing bank account, without understanding the implications of this.

What tends to occur is that at the time of application, question 30 asks for banking details. Most survivors provide their 'operational' banking account used for day to day purposes. On receipt of the lump sum payment, they sometimes transfer the redress payment to a separate account.

Legal advice has been received that if whole or part of the redress payment is transferred out of the bank account to which the government paid the redress payment, the protections to the redress payment from any garnishee orders are lost under s50(2) of the Act and no longer apply.

Financial Counselling Australia supports the recommendation from knowmore that:

- a) the relevant question (Q 30) removed from the application form; and
- b) the request for bank account details on the offer acceptance form to be accompanied by a recommendation that the person opens a new bank account to receive their redress payment, to ensure the payment receives

the protections it is entitled to, and the survivor receives the maximum benefit from their redress payment.

- 4.2 Applicants should be given more information about the possible implications of receiving an NRS payment (e.g. on Centrelink benefits, public housing entitlements etc.).

FCA would like to see information similar to that included in knowmore's fact sheet [Things to consider if you receive a National Redress \(NRS\) payment](#) given to all applicants before they receive their redress offer, and ideally early on in the redress process.

- 4.3 Applicants who receive an NRS payment should be assisted to notify Centrelink of their receipt of an exempt lump sum. While survivors simply need to tell Centrelink that they have received an exempt lump sum, knowmore's financial counsellors have assisted survivors who received incorrect advice from Centrelink staff regarding the impact of the NRS payment on their income and assets.

Further, survivors usually need to attend Centrelink in person or make a phone call to report their payment (Centrelink has advised this can also be done through MyGov, but this option isn't accessible to many survivors given their age and/or lack of internet access). This is often distressing for knowmore's clients, who report encountering problems (e.g. being asked about what the payment was for).

To simplify the process and reduce the stress it causes survivors, the NRS could include with every offer of redress, a standard letter addressed to Centrelink. Where relevant, survivors would then simply be able to send this letter off to notify Centrelink that they have received an exempt lump sum.

- 4.4 Applicants could be given more information about the availability of financial counselling services, what a financial counsellor does and how a financial counsellor can help when it comes to receiving a redress payment.

Many survivors have limited to no understanding of the role of a financial counsellor, or the assistance a FC could provide, which can act as barrier to them accessing financial counselling services. This can be particularly true for the most vulnerable survivors. Providing more general information should help to increase the number of survivors who seek assistance from a financial counsellor and who in turn obtain the maximum benefit from their redress payment.

We note that the information about financial counselling currently provided on the [NRS website](#) is very limited.

Question from the hearing – Senator Smith

5. **Could you send some additional information about the next tranche of possible initiatives that might be able to be endorsed to further support financial counselling opportunities for Indigenous people. That would be particularly relevant and useful to us as we put our minds to our second report.**

To answer this question, FCA relies on information and insights from knowmore's financial counselling program.

- 5.1 There continues to be high demand for financial counselling services for Aboriginal and/or Torres Strait Islander survivors. Aboriginal and/or Torres Strait Islander people are **significantly overrepresented** in the number of clients assisted by knowmore's Financial Counselling Team.

During the first six months of 2020, **35 per cent of knowmore's financial counselling clients identified as Aboriginal and/or Torres Strait Islander peoples**, compared to 27 per cent of the total number of knowmore clients.

- 5.2 Knowmore financial counsellors have provided information, specialist training and casework, to a number of Community controlled organisations, including Nunkuwarrin Yunti (South Australia)
Ngarra Jarra Noun, Victorian Aboriginal Child Care Agency (Victoria)
Daydawn Advocacy Centre (Western Australia)
Aboriginal Elders Council and South East Tasmanian Aboriginal Corporation (Tas)

In addition, knowmore's outreach program provides information on financial counselling with other engages with Link Up (NSW and Qld); the Cape York/Gulf Remote Area Aboriginal & Torres Strait Islander Child Care (RAATSICC) Advisory Association in Qld; and Danila Dilba Health Service in the NT

- 5.3 Cultural safety is embedded in the delivery of knowmore's financial counselling services in the following ways:
- Members of the Aboriginal and Torres Strait Islander Engagement Team refer and as required, participate in financial counsellors' sessions with Aboriginal and/or Torres Strait Islander clients.
 - The Aboriginal and Torres Strait Islander Engagement Team have an ongoing advisory role, assisting financial counsellors with their Aboriginal and/or Torres Strait Islander clients through case consultations and ongoing training.
 - Members of the Aboriginal and Torres Strait Islander Engagement Team are involved in the recruitment and induction of new financial counsellors on culturally safe practices at knowmore.

6. Funding for the financial counselling program at knowmore Legal Service

Financial Counselling Australia is concerned that the financial counselling program at knowmore Legal Service is not secured as of July 2021 and has relied on a charity to deliver the program to date.

Financial counsellors are best placed within knowmore's multi disciplinary team for the following reasons.

- 6.1 Knowmore initially undertakes a 'financial health check' and their financial counsellors assist in minimising and safeguarding their payments from debtors and exploitation, to maximise the benefit they receive from applying to the NRS.
- 6.2 There is often very low level of financial literacy, and limited experience of dealing with potentially receiving a lump sum. Knowmore financial counsellors have a proven track record in assisting survivors in understanding the impact of the lump sum on any Social Security entitlements, any outstanding debts as well as addressing concerns around potential elder abuse and exploitation.
- 6.3 Knowmore has provided training to the broader financial counselling sector through FCA webinar series to raise awareness around the NRS and the specific issues arising in relation to redress payments. Knowmore also produced a guide for financial counsellors and community lawyers in partnership with Financial Rights Legal Centre.
- 6.4 Knowmore has maintained stakeholder engagement and systemic advocacy work with key financial institutions (major banks, the ABA and other peaks, hardship units in entities etc).

This has resulted in

- Australian Bankers Association proposing to government that the NRS lump sum payment be coded, to ensure banks undertake their requirements to protect the privacy of survivors, which was accepted by government
- An agreement with the major banks regarding the quarantining of NRS payments from legal action by creditors and debt collectors
- Knowmore securing agreement that any lump sum payment would not adversely impacting any clients that reside, or were on a waiting list, for social housing.

As noted at the hearing, knowmore would ideally like to secure funding in the next funding agreement to allow us to expand their Financial Counselling Team from four to six staff [see comments on p. 13 of their transcript].

- This would enable the financial counselling program **to assist approximately 1,200 clients annually**, including approximately 420 Aboriginal and/or Torres Strait Islander clients (based on the current rate of 35%).

- This would enable knowmore to **continue to deliver capacity building, training and expert support** to the broader financial counselling sector, including services for Aboriginal and/or Torres Strait Islander people.
- As noted at the hearing, knowmore requests consideration be given to funding expert **financial counselling roles in some of the redress support services** that are supporting survivors in particular need of financial counselling assistance, including Aboriginal and/or Torres Strait Islander survivors.

There is a very strong case for the government to step in and start funding this needed program.

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